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Summary record of the 3rd meeting
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Chairman: Mr. Bródi ..... (Hungary)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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08-53830 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 122: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/63/11 and A/63/68)

1. **Mr. Monayair** (Kuwait) said that the apportionment of the expenses of the United Nations, being necessary for the financing of the activities of the Organization, was one of the most important items to be discussed by the Committee.

2. The principle of capacity to pay remained the fundamental criterion in determining the contributions of Member States; the various elements of the methodology used to determine capacity should evolve constantly so as to ensure maximum fairness, transparency and flexibility in apportioning contributions.

3. His country was in favour of multi-year payment plans, which would help States to demonstrate their commitment to meeting their financial obligations to the United Nations and supported the recommendations of the Committee on Contributions concerning requests by Member States under Article 19 of the Charter, in particular its recommendation that the Central African Republic, the Comoros, Guinea-Bissau, Liberia, Sao Tome and Principe, Somalia and Tajikistan, which were facing critical situations, should be permitted to vote in the General Assembly until the end of its sixty-third session.

4. Political will on the part of Member States to meet their financial obligations to the United Nations in full, on time and without conditions enabled the Organization to continue to fulfil its mandate. His Government would continue to meet its own obligations to the Organization in full and on time.

5. His delegation hoped that the Committee on Contributions, in developing the various elements of the current scale methodology, would not endorse any excessive increases in the assessments of the developing countries, thereby avoiding any distortions in their assessments which would have an adverse impact on compliance with their obligations. In particular, it would be unacceptable to introduce any increases in the contributions of the developing countries on the basis of corresponding reductions in the share paid by the developed countries.

6. The Committee on Contributions should review and analyse the elements of the scale methodology in an endeavour to apply the numerous resolutions of the General Assembly; Member States should assist that Committee with a view to the adoption of a scale of assessments characterized by fairness, transparency and the real capacity to pay of Member States.

7. **Mr. Alouan Kanafani** (Bolivarian Republic of Venezuela) said that the Fifth Committee must strive to develop a methodology that was in keeping with the spirit of the Charter of the United Nations and the rules of procedure of the General Assembly. In particular, the methodology should be governed by the principle of capacity to pay, as set forth in rule 160 of the rules of procedure.

8. The current methodology was based on Member States' gross national income and capacity to pay. However, it contained an element that distorted the principle of capacity to pay — an element unilaterally imposed by the Member State with the highest assessment in nominal terms.

9. The ceiling of 22 per cent was a unilateral measure imposed on the pretext that that Member State would honour its outstanding debt to the Organization. That debt, however, remained unpaid. It was unacceptable — and a violation of the principle of capacity to pay as well as the principles of the Charter — that the other Member States should have to subsidize the highest nominal contributor. In Venezuela's view, it was time to revise that element.

10. The report of the Committee on Contributions (A/63/11) referred to a number of proposals put forward at the second part of the resumed sixty-second session. However, the Fifth Committee should focus on improving the current methodology, not waste time deliberating earlier proposals that strayed from the fundamental principle of capacity to pay.

11. With respect to the requests for exemption under Article 19 of the Charter, Venezuela endorsed the recommendation of the Committee on Contributions that the seven States listed in its report should be permitted to vote in the General Assembly until the end of the sixty-third session, owing to economic conditions beyond their control.

12. **Ms. Pham** (United States of America) said that her delegation also endorsed the recommendation of the Committee on Contributions regarding the requests

for exemption under Article 19. It was pleased that certain States had established multi-year payment plans and urged those with significant arrears to do likewise.

13. It also supported the recommendations of the Committee on Contributions regarding the elements for the scale methodology for the next assessment period. Her delegation continued to believe that the scale methodology should be based on the traditional fundamental components, i.e. capacity to pay, as measured by shares of the global economy, and adjusted to take into account debt burden and low per capita income; the ceiling; and the floor. It hoped that all delegations would work together to achieve a consensus on the next scale.

14. **Mr. Greiver** (Chairman of the Committee on Contributions) said that the Committee on Contributions would address the delegations' concerns. He looked forward to responding to their questions in informal consultations.

Agenda item 118: Programme budget for the biennium 2008-2009

Improving and modernizing the conference facilities and construction of additional office facilities at the United Nations Office at Nairobi (A/62/794 and A/63/465)

Construction of additional conference facilities at the Vienna International Centre, and construction of additional office facilities at the Economic Commission for Africa in Addis Ababa (A/63/303 and A/63/465)

15. **Ms. McDonald** (Director, Facilities and Commercial Services Division), introducing the report of the Secretary-General on the construction of additional conference facilities at the Vienna International Centre, and construction of additional office facilities at the Economic Commission for Africa in Addis Ababa (A/63/303), and the report on improving and modernizing the conference facilities and construction of additional office facilities at the United Nations Office at Nairobi (A/62/794), said that, since 2000, the responsibilities of the Facilities Management Service at Headquarters had focused on providing overall guidance on all aspects of facilities management, including overseas construction projects. In view of the difficulties encountered in the current projects, the Secretary-General would review the overall management of the overseas construction and maintenance projects, and the lessons learned, and would present proposals in the context of the proposed programme budget for 2010-2011, to ensure clear lines of responsibility and accountability.

16. Regarding the construction of additional conference facilities at the Vienna International Centre, and construction of additional office facilities at the Economic Commission for Africa in Addis Ababa (A/63/303), she said that the construction of the M building at the Vienna Centre would be completed by the end of 2008 and the removal of asbestos from the C building by January 2012.

17. The project for the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa (ECA) had experienced further delays owing to lengthy negotiations to terminate the contract with the international architect, hiring a local architect to oversee the construction phase of the project, the complexity of finalizing the tender documents, and the extension of the bidding submission date, all of which had contributed to the delay in the construction schedule. The building was now scheduled to be completed in November 2010 rather than January 2010.

18. The local authorities had recently announced that ECA was to pay value added tax on imported goods, which would be reimbursed upon receipt of the appropriate documentation. The Office of Legal Affairs, however, had advised that the lease agreement that entered into force in January 2007 exempted the Organization from payment of such taxes. ECA was negotiating with the local authorities to waive the requirement as soon as possible.

19. With regard to the construction by the local authorities of the alternate public access road, ECA representatives had been informed that a temporary road would be finished by mid-October before construction commenced.

20. With respect to project governance, in March 2008 the Controller had approved an agreement between the Facilities Management Service at Headquarters, the Programme Planning and Budget Division, the Procurement Division and ECA, entitled "UNECA New Office Facilities Administration and Coordination Arrangements for the Construction Phase", which outlined the responsibilities of Headquarters and ECA and provided for the recruitment of an independent quantity surveyor service that would report directly to Headquarters.

21. Turning to the Secretary-General's report on improving and modernizing the conference facilities and construction of additional office facilities at the United Nations Office at Nairobi (A/62/794), she said that, subsequent to the issuance of the report, and owing to the need to upgrade the facilities between high-profile conferences, a reduced-scope modernization had been proposed within the $3,479,000 originally approved for the project under the terms of General Assembly resolution 58/272. The project included the full upgrade of the required electrical infrastructure and the related conference and interpretation equipment as well as the refurbishment of the conference room furniture.

22. The major delays in the construction of additional office facilities had been caused by the failure of the contracted architectural firm to deliver final design documents. Further delay had ensued pending a settlement with the firm, which had been subsequently concluded in December on the recommendation of the Office of Legal Affairs. A new contract for a local architectural firm had been signed in September 2007 and the construction documents, including bills of quantities, had been completed and were ready to send out for tender.

23. Since the Secretary-General's report could not be considered earlier, the revised timeline was to complete the bidding process and award a contract by the end of 2008 and start construction in January 2009, with a completion date of end 2010 and occupancy in January 2011. The expression of interest had been published at the end of August 2008 and the issuance of the construction bid had been estimated for October 2008, subject to the General Assembly's approval of the updated project costs.

24. **Ms. McLurg** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/63/465), said that despite some real concerns regarding management of the construction projects at ECA and the United Nations Office at Nairobi, the Advisory Committee recommended that work should continue on the projects.

25. The Advisory Committee had consistently recommended that the Secretariat should exercise a coordinating role to ensure a systematic approach to facilities management, construction and major maintenance of United Nations facilities. The current arrangements for planning, managing and monitoring such projects were neither adequate nor well implemented. It therefore recommended that the Secretary-General should ensure that, through the Assistant Secretary-General for Central Support Services, an Organization-wide perspective was adopted on the needs and priorities for such developments and that the duty stations involved in such work received adequate support. The current procedures for approval of such projects did not provide for sufficient involvement of the General Assembly. Equally, the roles and responsibilities of those involved in such projects were not sufficiently clear. For the future, the Secretary-General should be requested to review procedures and make proposals for improvements to the General Assembly at its sixty-fourth session. The Advisory Committee also recommended that an annual progress report should be a requirement for all ongoing projects.

26. With regard to the construction of additional office facilities at ECA, the Advisory Committee was concerned that little real progress had been made since the project had been initiated six and a half years earlier. It had not been well managed locally or adequately supported by Headquarters. The distribution of responsibilities between Headquarters and the Commission was unclear. The entire process must be improved and issues of leadership, responsibility and accountability must be dealt with comprehensively. Accordingly, the Advisory Committee recommended that the management arrangements for the ECA project should be clarified and improved immediately to ensure that the new timeline proposed in the Secretary-General's report was implemented; and further recommended that the General Assembly should also request the Secretary-General to address any unresolved issues, including the host country addendum for duty-free and tax-free status and site works, and to report on the actions taken in the subsequent progress report. The factors, flaws and inadequacies that had hampered implementation of the construction plan should be analysed and lessons learned to improve the management of similar projects throughout the Organization.

27. With regard to improving and modernizing the conference facilities at the United Nations Office at Nairobi, after the report of the Secretary-General (A/62/794) had been issued but before it had been

considered, the Advisory Committee had been informed that a project of reduced scope was being proposed: no architectural, structural, civil or mechanical changes would be made, but the electrical infrastructure and related conference and interpretation equipment would be upgraded and conference room furniture and lighting would be refurbished. The project would remain within the original cost estimate of $3,479,000, under the terms of General Assembly resolution 58/272. The Advisory Committee regretted that the project in its reduced scope would mean less improvement and modernization, but recommended approval to expedite its implementation.

28. With respect to the construction of additional office facilities in Nairobi, no detailed design and cost estimates had been provided to the Advisory Committee as undertaken by the Secretary-General in the initial proposal made in 2001. The Advisory Committee was concerned about the significant lack of management oversight and other problems with the construction project, both in Nairobi and in New York. The delays had led to loss of time and resources. Strict internal controls were needed and competent leadership should be assigned to the project. The Advisory Committee recommended approval of the Secretary-General's proposals, with the proviso that the General Assembly should receive updated estimates at the time that it considered the issue.

29. Finally, with regard to the construction of additional conference facilities at the Vienna International Centre, the Advisory Committee welcomed the progress made and the support provided by the host country, and recommended that the General Assembly should take note of the Secretary-General's report.

30. **Mr. Cazalet** (France), speaking on behalf of the European Union, expressed appreciation for the support and cooperation of the host countries of the projects under discussion. The European Union was grateful to the Government of Austria for bearing most of the financial burden of the project in Vienna and taking responsibility for asbestos removal. It shared the concerns expressed by the Advisory Committee and would welcome proposals that could improve the oversight and governance of United Nations construction projects.

31. **Mr. Hunte** (Antigua and Barbuda), speaking on behalf of the Group of 77 and China, said that the requested resources were essential to address the requirements for the facilities. The budget and the planned completion date of 2010 must be adhered to, and the challenges faced at the ECA construction project must be resolved urgently. The Group of 77 and China shared the concerns of the Advisory Committee about delays and poor project management. It was unacceptable that a lack of internal controls and accountability might expose the Organization to significant risk.

32. **Mr. Felleke** (Ethiopia) shared the view that timely action on the problems with the ECA construction project could avoid cost escalation and further delays. The Secretariat should expedite the hiring of a part-time local quantity surveyor to monitor progress of the construction.

33. His Government had taken measures to speed up construction of the alternate public access road, notably through weekly meetings between ECA representatives and the municipal authorities of Addis Ababa. The municipality had agreed that, once the necessary preparatory work had been done, a temporary road would be completed by mid-October 2008. With respect to duty-free and tax-free status, the Government had instituted a mechanism whereby ECA would be reimbursed after customs clearances had been processed. His Government was prepared to discuss the matter at the highest level once the relevant authorities and the Office of Legal Affairs had reached an understanding of the facts on the ground, and would continue to work closely with ECA to speed up construction of the project.

34. **Ms. McDonald** (Director, Facilities and Commercial Services Division) said that in 2000, when no large projects had been under way, Headquarters had reduced the number of staff handling overseas construction projects from a unit of 12 to 15 staff members to one Professional and one support staff member. There were, therefore, valid reasons for the delays in the projects in question, but the lessons learned over the previous years would also lead to improvements. The project at ECA had been better managed than the project in Nairobi. The reports reflected a dire situation, but they also explained the reasons for the delays. The questions regarding value-added tax and the access road would be addressed in informal consultations.

35. **Ms. Ureña** (Costa Rica) requested information on the cost estimates for and implementation of safety and security measures and access to the facilities, which were not mentioned in the reports.

36. **Mr. Tawana** (South Africa) said that it was disconcerting to hear the delays qualified as "valid" when elementary mistakes had been made for over six years. Such a response appeared to negate the need to make the changes recommended by the Advisory Committee. He wondered what the background was to the problem, and whether the Director of the Facilities and Commercial Services Division could state categorically that both projects would be concluded on time and on budget in 2010.

37. **Ms. McDonald** (Director, Facilities and Commercial Services Division) explained that, as was now standard practice in new construction projects, safety and security standards and access guidelines had been incorporated into the designs for the two buildings.

38. With respect to the concerns raised by the representative of South Africa, she noted that the reference to "valid" delays may not have been the best choice of words. Annex I to the report of the Advisory Committee (A/63/465) provided the details of what had occurred. Construction projects always changed as they proceeded through different levels of design. The ECA project had faced problems because local expertise had been unavailable to provide the initial design. Clearly, one staff member was insufficient to provide the required management and oversight. She endorsed the view taken by the Advisory Committee that the cases should be reviewed and lessons learned. Clear lines of responsibility had been established for the different projects, and while it was impossible to state categorically that they would be completed on time, given the very nature of construction projects, they would be closely supervised.

The meeting rose at 11.05 a.m.